

Belton T. Zeigler
Direct Dial: 803.454.7720
Email: belton.zeigler@wbd-us.com

March 26, 2021

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of SC
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Workshop to discuss S.C. Code Ann. Reg. 103-823, including proposed Minimum
Filing Requirements for future rate application filings
Docket No. 2020-247-A

Dear Ms. Boyd:

This letter is submitted on behalf of Dominion Energy South Carolina, Inc. (“DESC”) in response to a March 18, 2021, letter from the Staff of the Public Service Commission of South Carolina (the “Commission”) concerning regulations requiring new or amended exhibits (the “Minimum Filing Requirements” or “MFRs”) for future rate case applications. On March 5, 2021, DESC filed a letter with the Commission respectfully requesting that the Commission reject any proposal to expand the list of exhibits required in rate case applications. DESC reaffirms that position and the points made in that letter.

In its March 5, 2021, letter, DESC outlined the collaborative approach it has undertaken with ORS in recent cases to ensure that relevant, case-specific, information is available shortly after the application is filed. DESC explained that in Docket No. 2020-125-E, it was able to provide ORS with approximately 24,000 pages of discovery targeted to the specific needs of the case less than 20 days after the application was filed.¹ This discovery was provided in a timely way. Its form and depth of detail were determined through collaborative dialogue with ORS concerning what would be most useful to the rate making process in light of ORS’s requirements and the structure and data available in DESC’s accounting systems. Once this information was provided to ORS, it was available to be provided through file-sharing mechanisms to any intervenor who requested it, and many of them did.

¹ The large number of pages provided reflected the fact that among its 190 individual discovery requests, ORS requested samples of general ledger sheets and other raw accounting data to allow ORS to begin its audit of DESC’s records. These documents greatly increased the bulk of the responses.

This type of collaboration limits waste and expense and benefits all parties by tailoring the information produced to the specific needs of the case. It accelerates the provision of relevant and useful information by allowing the parties at the earliest stages of the proceeding to focus on data that is in fact relevant to the case and useful in form and content. By contrast, requiring the completion of an extensive list of static, pre-defined, application exhibits as a condition of filing would interfere with the ability of the parties to support collaborative efforts of this sort in the months and weeks leading up to a filing. Certain of the data presented would not be relevant to the needs of the specific proceeding. This would inevitably result in wasted time and effort and needless expense. Producing that data also could potentially interfere with the timely filing of the rate request itself.

Customers ultimately pay the cost of utility operations. In its letter of March 5, 2021, DESC reiterated its position that the Commission should encourage the evolution, expansion and development of the collaborative approach outlined above. To do otherwise would be to run the unavoidable risk that customers would be saddled with the expense of creating work product that no party needs or will use in a given case. Work product produced to meet the static requirements of the MFRs might well have to be recreated with different data sets or parameters to meet the actual needs of an individual case, resulting in duplicated effort. All of this involves costs which ultimately flow down to customers.

To provide the Commission a baseline for assessing the costs involved, DESC has quantified the employee effort required to prepare the exhibits to a recent retail electric rate application under the current regulations. In this analysis, DESC considered the effort required to complete the application exhibits filed in Docket No. 2020-125-E, which is the most recent retail electric rate case filed with the Commission. In its analysis, DESC only considered the work necessary to prepare the application exhibits themselves. The evaluation did not take into account any of the work needed to close the test period financial books and records. The analysis also excluded any costs associated with review of the application by senior leadership or expenses incurred by outside experts or outside attorneys.

This analysis showed that a reasonable estimate of the time required to complete the exhibits to the application in Docket No. 2020-125-E was approximately 5,780 hours. This reflects the work of the dozens of accounting, finance, and regulatory/legal employees and was concentrated in four months between the closing of the test period and the completion of the exhibits to the application. A reasonable estimate of the value of this time is approximately \$466,000.

To put this in perspective, the proposed MFRs could increase the cost of preparing application exhibits by as much as an entire order of magnitude. The exhibits to the application in Docket No. 2020-125-E totaled approximately 260 pages. Of these, approximately 75 pages were financial and related exhibits. The remaining pages were existing and revised tariff sheets. By comparison, the MFR exhibits to the most recent Duke Energy Florida retail rate proceeding totaled 3,012 pages.² See *Duke Energy Florida, LLC's Petition for Limited Proceeding to Approve 2021 Settlement Agreement, Including General Base Rate Increases*, Docket No. 20210016-EI. A

² The MFR exhibits can be found at <http://www.psc.state.fl.us/library/filings/2021/01705-2021/01705-2021.pdf>

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large proportion of these pages were taken up by specific financial or operational exhibits, comparable in type to the financial exhibits provided with the application in Docket No. 2020-125-E.

All other things being equal, it is reasonable to assume that the proposed MFRs could increase the cost of preparing rate case exhibits by tenfold or more. If so, this would increase the direct cost to South Carolina rate payers of rate case filings by \$4.5 million per rate case or more.

And there would be other costs as well. The costs for Docket No. 2020-125-E were all incurred in the months preceding a rate filing by personnel that were already in place and trained on DESC information and accounting systems and practices. In all probability, additional analysts and other personnel would be needed to prepare exhibits under the proposed MFRs. For these personnel to have the requisite knowledge and training to complete the required tasks, they need to be hired and trained well in advance of the filing. As permanent utility staff, their cost would add to operating costs borne by customers between rate cases and represent cost in addition to the estimate above.

In sum, the MFR proposal, if adopted, could easily cause retail electric rate case application exhibits to swell to several thousands of pages, require additional employees, and impose increased costs on customers. To date, no party has shown a compelling reason why this approach would create a superior result with less likelihood of waste and at a lower cost than the current collaborative process. DESC respectfully submits, as indicated in its letter of March 5, 2021, that the appropriate course is for the Commission to encourage and promote the use and expansion of the collaborative process outlined above, but not to issue the proposed MFRs.

For these reasons, DESC opposes any new MFRs. The need for such a regulation has not been demonstrated. The improvements to the process are doubtful. The costs, however, are undeniable. DESC notes that, under S.C. Code Ann. §§ 1-23-110 *et seq.*, issuance of a regulation is required to make changes to the filing requirements. In the event a regulation is proposed, DESC will provide a detailed response to the specific requirements of that regulation at that time.

Thank you for the opportunity to comment on this matter.

Respectfully submitted,

Womble Bond Dickinson (US) LLP
/s/ Belton T. Zeigler

Belton T. Zeigler

cc: All parties of record